



## **City of Upland Water Rate Frequently Asked Questions**

### ***Why do water rates need to increase?***

- Upland is at a critical point with regard to our water system, the safety and stability of our water infrastructure and the rising cost of securing water from our providers – notably, the San Antonio Water Company (SAWCo) and the Metropolitan Water District of Southern California (MWD). In simplest terms, our water rates as currently structured do not provide the revenues to meet the needs of our community.

### ***What if rates are not increased?***

- The water utility is self-funded, meaning that revenues must equal expenditures if it is to remain viable. Not raising rates would:
  - Delay much-needed infrastructure repairs or improvements that impact the safety of our water supplies and create service inefficiencies that wind up costing Upland resident and businesses more money. The cost of those repairs and improvements compound with each passing year.
  - Jeopardize our ability to pay for a replacement of our 40-year-old 7.5 million-gallon water tank.
  - Threaten the sustainability of our city-owned water system. Unlike Claremont to the west, Upland owns its system, which allows it to better control its water future.

### ***Why does Upland need to replace its water tank?***

- The existing tank is 40 years old and beyond the point where maintenance and repairs can keep it operating efficiently and safely. Without a new tank, Upland runs the very real risk of a catastrophic failure or shutdown that could lead to the loss of property or life.

### ***When was the last time water rates were increased?***

- The last adjustment occurred on January 1, 2017, as part of a five-year plan approved by the City Council in 2014.

### ***What is causing water rates to increase above the scheduled adjustments?***

- Since the last rate adjustment schedule was adopted several conditions have changed, including but not limited to:
  - Prolonged drought conditions and reduced water use (a state-mandated 36% reduction).
  - Significantly higher costs of securing water from providers such as San Antonio Water Company and the Metropolitan Water District.

- Increased operation and maintenance cost, such as power, materials and chemical costs.
- Additional water quality regulatory requirements, causing the need for additional treatment.
- Expensive capital improvement to repair and replace aging water facilities.
- The need to replenish operational and emergency reserve funds to meet industry standards.

### ***I'm using less water; why should I have to pay more?***

- You are correct that the state-mandated water restrictions resulting from the drought lowered per-capita consumption in Upland and across California. While that will help ensure that there is enough water to meet our needs into the future, the costs of acquiring water and actually getting it to your home or business have not gone away. In order to meet those costs, per-unit prices have to go up.

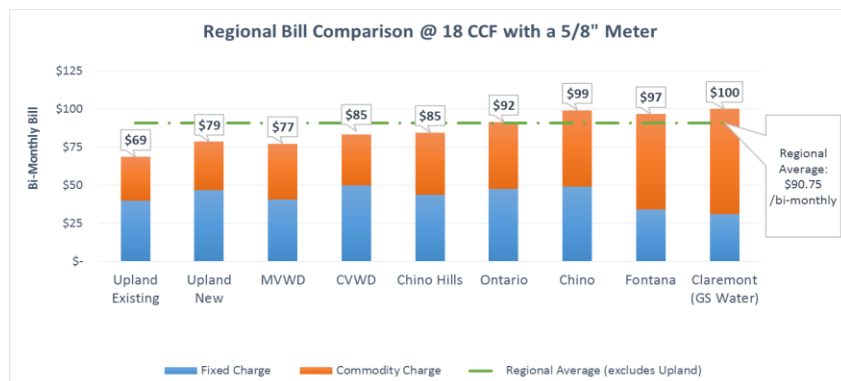
### ***What do you mean by 'the costs of acquiring water?'***

- The City receives 25-30% of its water supply from Metropolitan Water District of Southern California. MWD Untreated Water Rate has gone up 17%. The City receives 40-50% percent of its water supply from San Antonio Water Company. SAWCo. water supply costs have increased 26%. The remainder comes from local water wells. Groundwater production assessments expenses have increased and will continue to escalate to fund water reliability projects.

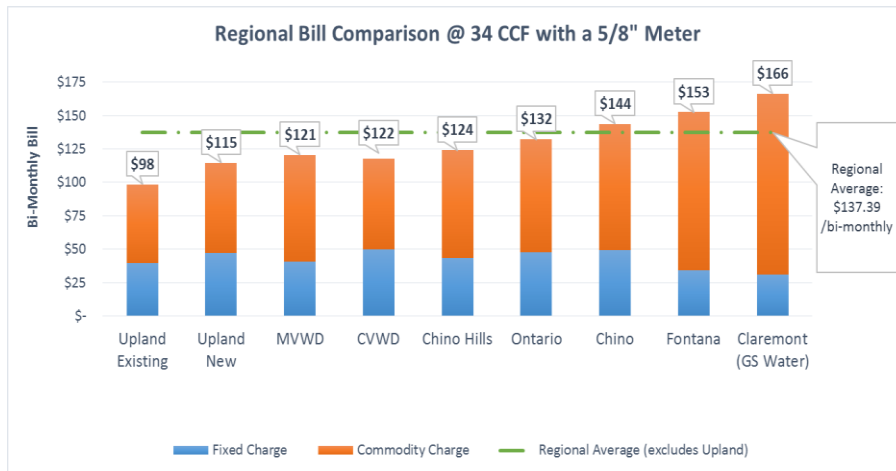
### ***How do Upland's rates compare with neighboring agencies?***

- Even with the proposed rate adjustments through the five-year planning window, Upland will have generally lower water rates than neighboring agencies such as Cucamonga Valley Water District (serving predominantly the Rancho Cucamonga area), Monte Vista Water District (serving the Montclair area), the City of Ontario and Golden State Water Company (serving the Claremont area). The graphs below illustrate three different water use scenarios and provide comparison to surrounding areas based on the first proposed rate adjustment.

***Water Use: 18 units/HCF = 13,464 gallons for a 2 – Month Billing Period:***



**Water Use: 34 unit/HCF = 25,432 gallons for a 2 – Month Billing Period:**



**What has the City done to reduce expenses in the Water Division?**

- The Water Division has continuously implemented cost saving measures to achieve our mission of providing high quality water at reasonable rates. Some of those measures include:
  - Water is heavy and electricity to move water to different areas in the City is expensive. The City has consistently looked for opportunities to reduce power costs. This includes testing and upgrading pumps to ensure efficient power use. The City also takes advantage of rebate opportunities whenever possible.
  - Management has made every effort to reduce overtime and institute efficient work schedules where possible.
  - The City purchases imported water from the Inland Empire Utilities Agency. That cost includes a \$15.00 per acre-foot (acre-foot is a measurement of water and equals approximately 326,000 gallons) surcharge for conservation. City staff has consistently works to return these funds to Upland customers through conservation programs and rebates.
  - The City is pursuing low-interest state loans to fund large and expensive (\$16.5M) water facility assets, reducing our financing costs.

**Can the City use water revenue for expenses other than water related expenses?**

- No. Water-rate revenue is used exclusively to fund water related program expenses.

***How have new drinking water standards and enhanced regulatory monitoring and compliance requirements been implemented to assure high quality water deliveries?***

- The State of California mandates the most stringent water quality standards in the United States. We are proud to report that the City's water service meets these standards. Upland's water system is operated and maintained by highly trained and qualified staff. All water staff have the required operator competency certifications issued by the State Department of Public Health. Additionally, the Water Division prepares a Consumer Confidence Report each year, which is posted on the City website. This document explains our water supply and the quality of water delivered to our customers.

***What is a water operating reserve and why is it necessary?***

- The water operating reserve is important because it allows the City to use this fund to meet temporary short-term increased expenditures. For example, the reserves were used during the drought when customers were mandated to reduce their water use. These reduced reserves need to be restored. Reserves are not only used to meet operational funding needs, but also emergency expenditures and to provide rate stabilization.

***I do not understand the utility rate structure or my bill. Can you explain the utility rate structure?***

- The water utility bill is composed of two pieces. The fixed monthly service cost (ready to serve fee) and the commodity charge (the cost of the water used by the customer.)

***What is the fixed monthly service?***

- The fixed monthly service is charged whether or not water is consumed by the customer. It is called a ready to serve fee on your bill. The revenue generated by this part of the bill is necessary to help cover the basic operating cost of the utility. These expenses include administrative services, utility billing, meter reading and replacement, and debt service payments. The City currently recovers a very small portion of its fixed expenses through this charge, a much smaller amount than recommended by industry practices. It is important to transition toward covering these fixed costs through the fixed monthly service rate to improve long-term rate stability.

***What is the commodity charge?***

The commodity charge is the actual amount of water that is used. It is expressed in units.

***What is a unit on my bill?***

- A unit is a standard measurement for water. Most customers measure water in gallons, but almost all water utilities measure water and bill customers in units.
- 1 Water Unit = 748 Gallons of Water = 1 Hundred Cubic Feet of Water (HCF)

Example: your utility bill shows that you used 76 units. To convert that to gallons, multiply  $76 \times 748 = 56,848$  gallons.

***Water service cost keep going up. How can I control and reduce the cost of water?***

- Unfortunately, the cost of water service will continue to increase due to the rising cost of raw water, the cost to make utility repairs and improvements, and the continued increases to water quality regulations.

Optimizing and using water efficiently is the best way to limit the impact of water increases to your household. The City offers rebates and incentives on water efficient devices, which can be installed in your home or business. Additionally, the City offers free landscape classes to its customers to help them understand how they can effectively modify their landscapes to be more water wise. Outdoor landscape irrigation is the highest area of water use in most homes. Changing the irrigation system and plants to be more compatible with our dry climate should reduce water use and lower the cost of water services.

Please look on our website at [http://www.ci.upland.ca.us/#Water Conservation](http://www.ci.upland.ca.us/#Water_Conservation) or contact the Public Works Department and speak with Michelle Madriz at (909) 291-2935 for water conservation questions and/or information.